

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 NEA-09 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 /117 W

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R 072207Z MAY 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC 6950

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

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AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

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AMEMBASSY PARIS

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AMEMBASSY ROME

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LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 11684

E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: MINISTERIAL ACTION ON COMMODITIES: DISCUSSION

AT MAY 6-7 XCSS

CAIRO FOR SECY ROBINSON

1. SUMMARY: IN RESPONSE TO UK INITIATIVE RELATED TO PRIME MINISTER'S KINGSTON PROPOSALS, CONSENSUS DEVELOPED AT MAY 6-7 XCSS FAVORING CONSIDERATION OF ESTABLISHMENT AT TIME OF MAY 28-29 MINISTERIAL COUNCIL MEETING, OF HIGH LEVEL GROUP TO WORK UNDER AEGIS OF XCSS ON COMMODITIES PROBLEMS. PURPOSE OF GROUP WOULD BE TO CONTINUE ANALYSIS, DEFINE POLICY OBJECTIVES, AND IDENTIFY POSSIBILITIES FOR CONCERTED ACTION, WITH EMPHASIS ON MEDIUM AND LONG TERM (RATHER THAN SHORT TERM) SOLUTIONS. GROUP WOULD CONCENTRATE ON INDUSTRIAL RAW MATERIALS BUT ALSO CONSIDER AGRICULTURAL PRODUCTS OF PARTICULAR INTEREST TO LDC'S. CONCERNING POSSIBLE MINISTERIAL STATEMENT ON COMMODITIES, SEVERAL DELS EXPRESSED DOUBT THAT MEMBERS COULD AGREE ON ANYTHING SUFFICIENTLY SUBSTANTIVE AND NEW TO BE WORTHY OF "DECLARATION" STATUS, BUT VIRTUALLY ALL AGREED THAT MINISTERS SHOULD AT LEAST IN COMMUNIQUE EXPRESS RECOGNITION OF IMPORTANCE OF COMMODITY ISSUE AND INTENTION OF OECD MEMBERS TO SEEK FRESH APPROACHES. XCSS AGREED TO LEAVE QUESTION OF FINAL FORM AND SPECIFIC CONTENT TO BE WORKED OUT IN COURSE OF NORMAL PREPARATIONS FOR MINISTERIAL. END SUMMARY

2. GENERAL DEBATE: DISCUSSION OF RAW MATERIALS WAS OPENED BY UK DEL (THORNTON), WHO GAVE OUTLINE OF PRINCIPLES AND ACTION PROGRAM ON COMMODITIES PROPOSED BY PM WILSON IN KINGSTON AND SAID LDC REACTION TO THESE HAD BEEN POSITIVE ENOUGH THAT UK FELT REASONABLE AND FORTHCOMING OECD MINISTERIAL DECLARATION ON COMMODITY POLICY WOULD BE WELL RECEIVED. HE PROPOSED THAT OECD ESTABLISH A SPECIAL HIGH LEVEL GROUP TO WORK OUT AGREED ACTION PROGRAM AND COMMON OECD LINE FOR UNGA 7TH LIMITED OFFICIAL USE

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SPECIAL SESSION AND UNCTAD IV. ALTHOUGH SWEDES, DUTCH, FRENCH AND SOME OTHERS EXPRESSED DOUBTS THAT DECLARATION SUFFICIENTLY FORTHCOMING COULD BE PRODUCED IN LIMITED TIME REMAINING, VIRTUALLY ALL SUPPORTED IDEA OF HIGH LEVEL GROUP (ONLY TURKS FLATLY OPPOSED). THEME OF COMMENTS ON SECRETARIAT DOCUMENTS FOLLOWED CLOSELY THOSE MADE AT APRIL 30 MEETING OF TRADE COMMITTEE, WITH MANY DELS COMMENTING ON NEED FOR FURTHER WORK,

PARTICULARLY ON COMMODITY BY COMMODITY BASIS, IN ORDER TO MAKE OECD EFFORTS IN THIS AREA MORE CREDIBLE. NO DELEGATE EXCEPT SWEDEN EXPRESSED ANY SERIOUS INTEREST IN COORDINATED "EMERGENCY ACTION" CATEGORY OF OPTIONS, BUT AT SAME TIME MOST FELT THAT FRESH AND CONSTRUCTIVE APPROACH TO COMMODITY PROBLEMS DESIRABLE FOR BOTH POLITICAL AND ECONOMIC REASONS, AND THAT SHARED INTERESTS OF DC'S AND LDC'S COULD PROVIDE BASIS FOR MORE CONSTRUCTIVE DIALOGUE.

3. US DEL INDICATED US SHARED CONCERNS OF OTHER MEMBERS ABOUT THE ECONOMIC AND POLITICAL DIMENSIONS OF THE COMMODITY PROBLEM, AND THAT US HAD OPEN MIND ON IDEAS FOR DECLARATION AND HIGH LEVEL GROUP. WITH RESPECT TO MINISTERIAL STATEMENT, HE SAID IT WAS MOST IMPORTANT TO DECIDE WHAT MEMBERS WOULD BE WILLING TO PUT IN IT-- QUESTION OF FORM WAS BASICALLY SEPARATE ISSUE OF HOW MUCH ATTENTION TO DRAW. US DEL INDICATED US SKEPTICISM ABOUT VALUE OF STATEMENT OF PRINCIPLES, SUGGESTING IT WAS MORE WORTHWHILE TO AVOID EMPTY PROMISES AND INDICATE WHAT WE WERE WILLING TO DO IN SPECIFIC COMMODITY AREAS.

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ON HIGH LEVEL GROUP, HE SAID CRUCIAL ELEMENT WAS TO DETERMINE JUST WHAT GROUP WOULD DO, AND STATED THAT DECISION ON ESTABLISHMENT MUST BE LEFT FOR CONSIDERATION OF MINISTERIAL MEETING.

4. HIGH LEVEL GROUP: WIDE RANGING DISCUSSION OF TERMS OF REFERENCE FOR POSSIBLE GROUP ALTERNATED BETWEEN DESIRES OF SOME DELS TO KEEP GUIDELINES GENERAL, CONSISTENT WITH "HIGH LEVEL" CHARACTER OF GROUP, AND DESIRE OF OTHER DELS TO HAVE GOOD IDEA OF WHAT GROUP WAS SUPPOSED TO BE DOING. SECRETARIAT PROPOSAL FOR ISSUES TO BE TACKLED BY GROUP, GENERALLY ACCEPTED BY XCSS, INCLUDED COSTS AND BENEFITS OF REDUCING EXCESSIVE PRICE FLUCTUATIONS, SECURITY OF SUPPLY/MARKET ACCESS, INVESTMENT AND PROCESSING, AND RELATIONSHIP BETWEEN COMMODITY AND DEVELOPMENT ASSISTANCE POLICIES. COMMODITY COVERAGE OF GROUP WAS ALSO SUBJECT OF CONSIDERABLE DEBATE, PARTICULARLY REGARDING INCLUSION OF AGRICULTURE. XCSS AGREED TO CHAIRMAN'S SUMMARY OF TERMS OF REFERENCE,

WHICH LISTED TASKS OF GROUP AS 1) COMPLETING ANALYSIS FOR SPECIFIC PRODUCTS AND GROUPS OF PRODUCTS; 2) DEFINING OBJECTIVES OF COMMODITY POLICIES; 3) IDENTIFYING POSSIBILITIES FOR CONCERTED ACTION, WITH STRESS ON MEDIUM AND LONG TERM, RATHER THAN SHORT TERM, SOLUTIONS. COMMODITY COVERAGE WOULD BE INDUSTRIAL RAW MATERIALS PLUS CONSIDERATION OF AGRICULTURAL PRODUCTS OF PARTICULAR INTEREST TO LDC'S. QUESTION OF MODE OF ESTABLISHMENT WAS LEFT OPEN--OPTIONS MENTIONED WERE MINISTERS, PERMANENT-LEVEL COUNCIL, OR XCSS ITSELF--BUT FEELING WAS IT SHOULD BE DONE "IN CLOSE CONNECTION WITH MINISTERIAL".

5. MINISTERIAL STATEMENT: ALTHOUGH THERE WAS GOOD DEAL OF DISCUSSION ON QUESTION OF SEPARATE DECLARATION VERSUS PARAGRAPH IN COMMUNIQUE, DELS IN END CAME AROUND LIMITED OFFICIAL USE

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TO POSITION THAT THIS SHOULD BE LEFT TO LATER DECISION ON BASIS OF CONTENT AGREED TO. SECRETARIAT'S OWN ROUGH DRAFT FOR DECLARATION ELICITED NO COMMENTS IN MEETING FROM DELS EXCEPT SOME NEGATIVE REMARKS FROM FRG (MULLER-THUNS), ALTHOUGH RECEPTION WAS GENERALLY NEGATIVE IN PRIVATE CONVERSATIONS. ON QUESTION OF SPECIFIC CONTENT, NO DEL WENT FAR BEYOND IDEA OF RECOGNIZING IMPORTANCE OF PROBLEM AND WILLINGNESS TO DEAL WITH IT, AND XCSS AGREED TO LEAVE THIS QUESTION TO BE WORKED OUT BY SECRETARIAT IN CONSULTATION WITH PERMANENT DELS AND POSSIBLY BY COUNCIL IN COURSE OF NORMAL PREPARATIONS FOR MINISTERIAL.
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